

GOVERNMENTAL OPERATIONS

Agency 124

Department of Retirement Systems

Recommendation Summary

Dollars in Thousands

	Annual FTEs General Fund State	Other Funds	Total Funds
2005-07 Expenditure Authority	273.6	50,484	50,484
Total Maintenance Level	267.3	49,523	49,523
Difference	(6.3)	(961)	(961)
Percent Change from Current Biennium	(2.3)%	(1.9)%	(1.9)%
Performance Changes			
Computer Infrastructure Upgrade		649	649
Revise Pension Gain-Sharing #		(106)	(106)
Nonrepresented Staff Health Benefit		226	226
WPEA Collective Bargaining Agreement		25	25
Nonrepresented Staff Salary Change		3,221	3,221
Subtotal		4,015	4,015
Total Proposed Budget	267.3	53,538	53,538
Difference	(6.3)	3,054	3,054
Percent Change from Current Biennium	(2.3)%	6.0%	6.0%
Total Proposed Budget by Activity			
Administration	29.4	4,660	4,660
Deferred Compensation Management for Public Employees	17.8	3,985	3,985
Dependent Care Program Management for Public Employees	2.4	423	423
Member Data Services	23.8	3,460	3,460
One-Time Projects			
Retirement Customer Services	114.9	15,490	15,490
Retirement Information Systems	56.3	15,425	15,425
Trust Fund Accounting	22.8	5,946	5,946
Other Statewide Adjustments		4,149	4,149
Total Proposed Budget	267.3	53,538	53,538

PERFORMANCE LEVEL CHANGE DESCRIPTIONS

Computer Infrastructure Upgrade

Critical hardware for the agency's computer network is approaching the age when they will exceed recommended replacement cycles and no longer receive vendor support. Many of these components are more than five years old and need to be replaced before they fail and potentially impact critical business operations. Equipment and software will be purchased to improve and update the network infrastructure for security, network management, and network monitoring. (Department of Retirement Systems Expense Account-State, Deferred Compensation Administrative Account-Nonappropriated, Dependent Care Administrative Account-State)

GOVERNMENTAL OPERATIONS

ACTIVITY DESCRIPTIONS

Administration

Agency management activities include executive leadership, budget, fiscal and legal services, and policy and planning support to the Governor on pension issues, personnel, and other administrative support services. The authority for the Department of Retirement Systems (DRS) is established by RCW 41.50.

Deferred Compensation Management for Public Employees

This program enables eligible public employees to defer a portion of their earnings under a series of before-tax investment plans until retirement or termination of public employment. At the end of Fiscal Year 2005, the program had \$1.9 billion in assets, serving nearly 48,500 employees of state government, higher education, and political subdivisions. This activity also includes a supplemental retirement program serving more than 200 judges. Authority for the Deferred Compensation Plan is contained in RCW 41.50 and Section 457 of the Internal Revenue Code, while authority for the Judges program is contained in RCW 2.12.

Dependent Care Program Management for Public Employees

This program enables eligible employees to set aside a before-tax portion of their compensation for reimbursement of dependent care expenses. At the end of Fiscal Year 2005, the activity was serving more than 1,100 public employees, with annual deferrals totaling \$4.3 million. Authority for the program is provided by RCW 41.04.610 and Section 125 of the Internal Revenue Code.

Member Data Services

This activity receives and processes essential member information submitted by nearly 1,300 public employers. It also contains the unit responsible for conducting field audits of and providing training to those public employers, to ensure their compliance with state laws and regulations. Authority for DRS is established in RCW 41.50.

One-Time Projects

This activity contains the one-time costs associated with legislative projects approved and funded each session, which are then removed in the carry-forward level calculation process each biennium.

Retirement Customer Services

The Department of Retirement Systems (DRS) serves over half a million active, retired, and inactive members of the Public Employees, School Employees, Teachers, Law Enforcement and Firefighters, Washington State Patrol, Public Safety Employees, and Judicial retirement systems. Services include determining eligibility for retirement, educating and counseling prospective retirees, processing disability and death adjustments, and computing retirement benefits, deductions, and benefit adjustments. Authority for administering the retirement systems is established in RCW 2.10, 2.12, 41.26, 41.32, 41.34, 41.35, 41.37, 41.40, and 43.43. DRS also must conform to legislative mandates established in RCW 28.B10, 41.44, 41.45, 41.54, and 44.44.

Retirement Information Systems

DRS receives and manages essential information and records for members and retirees. Information services support includes database management, systems development, electronic communications support, system maintenance and troubleshooting, data collection and processing, and disbursement processing. Authority for DRS is established in RCW 41.50.

Trust Fund Accounting

DRS administers retirement benefits for state and local government employees. At the end of Fiscal Year 2005, the pension trust funds contained \$49 billion in assets, contributions totalled \$732 million, and disbursements exceeded \$2 billion to an average of nearly 116,000 retirees each month. This activity contains the costs associated with all phases of accounting for the pension/trust funds, including collection of contributions, withdrawals and monthly pension disbursements, and IRS reporting. Authority for DRS is established in RCW 41.50.

Other Statewide Adjustments

This item reflects proposed compensation and other adjustments that were not allocated to individual agency activities. The agency will assign these costs to the proper activities after the budget is enacted.